

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

TARIFF FILING OF EAST KENTUCKY POWER)	
COOPERATIVE, INC. AND ITS MEMBER)	
DISTRIBUTION COOPERATIVES FOR)	
APPROVAL OF PROPOSED CHANGES TO THEIR)	
QUALIFIED COGENERATION AND SMALL)	CASE NO. 2017-00212
POWER PRODUCTION FACILITIES TARIFFS)	
AND THE IMPLEMENTATION OF SEPARATE)	
TARIFFS FOR POWER PURCHASES FROM)	
SOLAR GENERATION QUALIFYING FACILITIES)	

ORDER

On March 31, 2017, East Kentucky Power Cooperative, Inc. (“East Kentucky”) filed with the Commission revised tariff sheets setting forth proposed adjustments to its existing tariff for Qualified Cogeneration and Small Power Production Facilities. The filing also included a request to implement a new tariff to cover power purchases from Qualified Facilities (“QF”) generating power from solar facilities.¹ A telephone conference with East Kentucky was held on April 26, 2017, discussing a text change proposed by East Kentucky regarding a PJM Interconnection, LLC (“PJM”) Market Administration fee and missing load data support for the year 2021. As a result of that telephone conference, East Kentucky filed revisions to its tariff filing on April 27, 2017, and updated its load data on April 28, 2017. East Kentucky proposed an effective date of June 1, 2017.

East Kentucky is a generation and transmission cooperative that provides wholesale electric service to 16 member distribution cooperatives who, in turn, provide

¹ TFS 2017-00179.

retail electric service to approximately 530,000 customers. All 16 distribution cooperatives have filed proposed tariffs mirroring East Kentucky's proposed revisions.

The 16 distribution cooperatives, and their corresponding tariff filing numbers, are:

Big Sandy Rural Electric Cooperative Corporation (TFS2017-00166)
Blue Grass Rural Electric Cooperative Corporation (TFS2017-00167)
Clark Energy Cooperative, Inc. (TFS2017-00177)
Cumberland Valley Electric, Inc. (TFS2017-00168)
Farmers Rural Electric Cooperative Corporation (TFS2017-00176)
Fleming-Mason Energy Cooperative (TFS2017-00163)
Grayson Rural Electric Cooperative Corporation (TFS2017-00186)
Inter-County Energy Cooperative Corporation (TFS2017-00162)
Jackson Energy Cooperative (TFS2017-00188)
Licking Valley Rural Electric Cooperative Corporation (TFS2017-00180)
Nolin Rural Electric Cooperative (TFS2017-00184)
Owen Electric Cooperative, Inc. (TFS2017-00182)
Salt River Electric Cooperative Corporation (TFS2017-00181)
Shelby Energy Cooperative, Inc. (TFS2017-00183)
South Kentucky Rural Electric Cooperative Corporation (TFS2017-00185)
Taylor County Rural Electric Cooperative Corporation (TFS2017-00169)

The revisions to the Qualified Cogeneration and Small Power Production Facilities tariffs include: 1) updating capacity and energy pricing; 2) text changes resulting in the consistent use of "QF" for qualifying facilities and "EKPC" for East Kentucky; 3) implementation of an adjustment to the energy rates for a market administration fee of \$0.0008 per kilowatt-hour ("kWh"), which will be updated each year; 4) a disclosure that solar generation is covered under a different tariff and approval of said tariff; and 5) a proposal to include language in East Kentucky's current Cogeneration and Small Power Production Power Purchase Rate Schedule Over 100 kW and in its proposed Cogeneration and Small Power Production Power Purchase Rate Schedule from Solar Generation stating that East Kentucky is not obligated to purchase energy and/or capacity from a QF with a net capacity over 20 megawatts

("MW") pursuant to Federal Energy Regulatory Commission ("FERC") regulations 18 C.F.R. 292, Sections 303(a), 309, and 310.

As a PJM member, East Kentucky incurs certain costs associated with its participation in the PJM energy markets. East Kentucky states that it believes it is reasonable that the prices East Kentucky pays to QFs reflect a portion of East Kentucky's market-participation costs. East Kentucky proposes to update the market-participation fee each year. On May 18, 2017, Commission Staff requested and East Kentucky provided support for how the market-participation fee was calculated.

Due to the establishment of its Community Solar Program in Case No. 2016-00269,² East Kentucky states that it believes it is reasonable that the rates it pays QFs generating power from solar facilities be on the same basis as capacity and energy rates determined under the Community Solar Tariff, which is based on the value of that generation in the PJM market. East Kentucky is proposing that all QF solar generation, regardless of size, be treated in the same manner.

East Kentucky filed an application with FERC on November 4, 2016, for a ruling that East Kentucky would no longer be required under Section 292.303(a) of FERC's regulations to enter into new contracts or obligations to purchase electric energy and/or capacity from qualifying cogeneration facilities or qualifying small power production facilities with a net capacity over 20 megawatts on a service territory-wide basis. The application was amended on December 7, 2016. On March 10, 2017, due to FERC's lack of a quorum, the FERC Secretary indicated that FERC was not able to make a final determination on East Kentucky's application, and the application was denied without

² Case No. 2016-00269, *Application of East Kentucky Power Cooperative, Inc. for Issuance of a Certificate of Public Convenience and Necessity, Approval of Certain Assumption of Evidences of Indebtedness and Establishment of a Community Solar Tariff* (Ky. PSC Nov. 22, 2016).

prejudice. East Kentucky filed a new application with FERC on March 13, 2017, and that matter is still pending as of the date of this Order. East Kentucky states that it believes the application will be granted once FERC has a quorum.

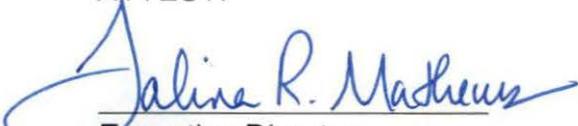
Based on a review of the tariff revisions filed by East Kentucky and its distribution cooperatives, the Commission finds that an investigation will be necessary to determine the reasonableness of the proposed revisions and that the investigation cannot be completed by June 1, 2017. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the proposed effective date for five months.

IT IS THEREFORE ORDERED that:

1. East Kentucky and each of its 16 distribution cooperatives shall be parties to this case.
2. The proposed tariff revisions, which are to be effective on June 1, 2017, are suspended for five months, up to and including October 31, 2017.

By the Commission

ATTEST:


Executive Director

*Taylor County R.E.C.C.
Taylor County R.E.C.C.
625 West Main Street
P. O. Box 100
Campbellsville, KY 42719

*Salt River Electric Cooperative Corp
Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004

*Jackson Energy Cooperative Corporati
Jackson Energy Cooperative Corporation
115 Jackson Energy Lane
McKee, KY 40447

*Big Sandy R.E.C.C.
Big Sandy R.E.C.C.
504 11th Street
Paintsville, KY 41240-1422

*Blue Grass Energy Cooperative Corp.
Blue Grass Energy Cooperative Corp.
1201 Lexington Road
P. O. Box 990
Nicholasville, KY 40340-0990

*Licking Valley R.E.C.C.
Licking Valley R.E.C.C.
P. O. Box 605
271 Main Street
West Liberty, KY 41472

*Farmers R.E.C.C.
Farmers R.E.C.C.
504 South Broadway
P. O. Box 1298
Glasgow, KY 42141-1298

*Clark Energy Cooperative, Inc.
Clark Energy Cooperative, Inc.
2640 Ironworks Road
P. O. Box 748
Winchester, KY 40392-0748

*Owen Electric Cooperative, Inc.
Owen Electric Cooperative, Inc.
8205 Highway 127 North
P. O. Box 400
Owenton, KY 40359

*Grayson County Water District
Grayson County Water District
113 S. Lee Street
P. O. Box 217
Leitchfield, KY 42754

*Cumberland Valley Electric, Inc.
Cumberland Valley Electric, Inc.
Highway 25E
P. O. Box 440
Gray, KY 40734

*Shelby Energy Cooperative, Inc.
Shelby Energy Cooperative, Inc.
620 Old Finchville Road
Shelbyville, KY 40065

*Fleming-Mason Energy Cooperative, In
Fleming-Mason Energy Cooperative, Inc.
1449 Elizaville Road
P. O. Box 328
Flemingsburg, KY 41041

*East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*Nolin R.E.C.C.
Nolin R.E.C.C.
411 Ring Road
Elizabethtown, KY 42701-6767

*East Kentucky Power Cooperative, Inc
East Kentucky Power Cooperative, Inc.
4775 Lexington Road
P. O. Box 707
Winchester, KY 40392-0707

*South Kentucky R.E.C.C.
South Kentucky R.E.C.C.
925-929 N Main Street
P. O. Box 910
Somerset, KY 42502-0910

*Inter-County Energy Cooperative Corp
Inter-County Energy Cooperative Corporation
1009 Hustonville Road
P. O. Box 87
Danville, KY 40423-0087